

## ASX Announcement

28 May 2019



**Andromeda Metals Limited**

ABN: 75 061 503 375

**Corporate details:**

ASX Code: ADN

Cash: \$2.40 million

(as at 31 March 2019)

Issued Capital:

1,355,499,211 ordinary shares

704,588,163 ADNOB options

20,000,000 unlisted options

**Directors:**

**Rhod Grivas**

Non-Executive Chairman

**James Marsh**

Managing Director

**Nick Harding**

Executive Director and

Company Secretary

**Andrew Shearer**

Non-Executive Director

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### Chinese Kaolin Processing Company Visit to Poochera

- After a successful trip to China by ADN representatives to visit Chinese kaolin processors and ceramic end users, a leading Chinese kaolin processing and supply company visited the Poochera Halloysite-Kaolin Project and regional port facilities.
- ADN and the Chinese company have commenced discussions on a mutual business arrangement for the Poochera Halloysite-Kaolin Project including a collaborative strategy for the production of high purity alumina in China.
- In addition to West Australian and Chinese dry-processing studies on Carey's Well ore, testing has recently been completed in the United States with results to aid plant design configurations.
- A maximum 28% tariff to be applied to kaolin imports into China from the USA effective from next month presents increased opportunity for Australian export business.
- Wet-processing testing is in progress in China with additional trials scheduled in coming weeks.

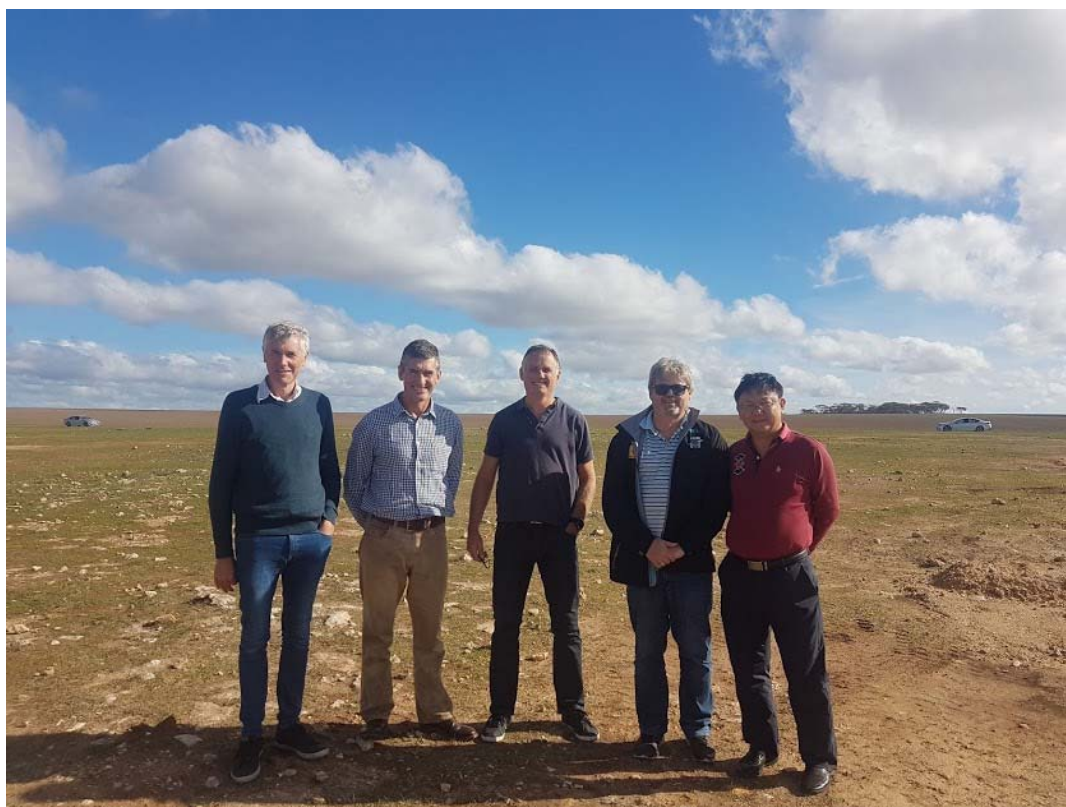
Andromeda Metals (ASX: ADN, 'Andromeda') is pleased to provide the following report on recent activities undertaken by the Company.

#### Poochera site visit by Chinese Kaolin Processor Representatives

Senior representatives from a leading Chinese kaolin processing and supply company have visited both the Carey's Well site at Poochera and port facility at Lucky Bay owned by T-Ports Pty Ltd, which is nearing completion and under consideration for shipment of kaolin product by ADN. The objective was to observe the potential mining location and understand the transportation operations in the area. This followed a previous meeting in China with Andromeda executives during April to discuss potential supply arrangements.

The Chinese company has run dry-processing trials of the Carey's Well ore through their processing plant in China and wet-processing trials are in progress.

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**Figure 1: Chinese company representatives and Andromeda directors at the Carey's Well deposit**



**Figure 2: Chinese company representatives and Andromeda directors at T-Ports Lucky Bay port facility**

Following the visit, the Chinese company expressed interest to progress discussions with Andromeda for a premium kaolin product as well as collaborating on potential HPA production in China.

To further illustrate the opportunity to meet an increasing demand by Chinese customers to source quality kaolin supplies from overseas, effective from 1 June 2019, the Chinese government will be applying a tariff of up to 28% on all imported kaolin from the United States, which is currently a significant supplier into China.

### USA Dry-Processing Trials

Dry-processing trials, with Andromeda executive management in attendance, were conducted during the previous week on a 500kg sample of raw ore from Carey's Well by an American world leader in the design and supply of kaolin plants with the objective to determine optimal plant componentry and operational parameters. Samples from this processing will be freighted back to Australia for analysis before a final optimisation run is undertaken later in the month. All data collated from these trials will be compared with large scale trials already conducted in Australia and China. Additional dry-processing trials will be conducted with another Chinese company during June to obtain further data for process plant design optimisations.



**Figure 3: Dry processing trials performed on Carey's Well ore by USA leader in kaolin plant design**

### Scoping Study

Based on discussions held in China with a number of potential customers of halloysite-kaolin and the positive follow-up Australian field visit by one of these groups, ADN has decided to fast-track a study on dry-processing at Poochera in order to build on the initial encouraging testwork undertaken in Australia and China and which is currently being completed in the USA. The Company is to engage a process engineering consulting group to review dry-processing plant designs, develop process design flow sheets, mass balance modelling, plant layouts and capital and operating costings for inclusion in the Scoping Study. A positive dry-processing result would lead to a higher value dry-processed halloysite-kaolin product being produced on site, in addition to the current evaluation of the direct shipping ore (DSO) option. As a consequence of this important engineering study, the expanded Scoping Study to consider both DSO and dry-processing options for Carey's Well ore is now anticipated to be released during the next quarter.

### The Poochera Project

The Poochera Halloysite-Kaolin Project covers two main geographic areas of interest, both situated in the western province of South Australia (Figure 4). The current main area of focus for the Project is on the Eyre

Peninsula which comprises three tenements and is located approximately 635kms west by road from Adelaide and 130kms east from Ceduna (Figure 5).



Figure 4: Project location plan



Figure 5: Poochera Tenements

In addition to the Carey's Well Mineral Resource, additional high quality halloysite-kaolin prospects occur extensively across the Poochera Project area making this a region of global significance for the mineral with the potential of supporting a considerable long-life mining operation should final feasibility studies determine the project to be economically viable. Halloysite is a rare derivative of kaolin where the mineral occurs as nanotubes. Halloysite has a wide variety of industrial uses beyond simple kaolin and commands a significant premium above the average kaolin price. The Carey's Well kaolin deposits contain a variable natural halloysite-kaolin blend that is in demand for the ceramic and petrochemical refining markets, as well as developments in new high-tech and nanotechnology applications.

The northern project area includes the near pure halloysite Camel Lake prospect on EL6128 (Figure 6) that could potentially be processed to provide a very high value pure product for the development of halloysite nanotubes technology in the areas of energy storage and carbon-hydrogen capture and storage.

Extensive test work has been completed on the Carey's Well deposit, including resource drilling, bulk sampling, pilot test trials and marketing, and Andromeda is working towards a Mining Lease application as part of feasibility evaluations.

Under the terms of the Poochera Halloysite-Kaolin Project Joint Venture, Andromeda can acquire up to 75% of the project by either sole funding \$6.0M over 5 years or alternatively a decision to mine is made by the Joint Venture partners, with an initial 51% interest earned by the Company through the expenditure of \$3.0M on advancing the project within the first 2 years.

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### **Competent Person Statements**

*Information in this announcement has been assessed and compiled by Mr James Marsh, a member of The Australasian Institute of Mining and Metallurgy (AusIMM). Mr Marsh an employee of the Andromeda Metals Limited has sufficient experience, which is relevant to metal recovery from the style of mineralisation and type of deposits under consideration and to the activity being undertaking to qualify as a Competent Persons under the 2012 Edition of the 'Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves'. This includes over 30 years of experience in kaolin processing and applications.*

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